GOVERNMENT OF INDIA
FINANCE
LOK SABHA

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Fake Notes in ATMs
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Will the Minister of FINANCE be pleased to state:

(a) whether a large number of cases of circulation/dispensing of fake currency notes through banking channels/Automated Teller Machines (ATMs) in the country have come to notice of the Government in the recent past;

(b) if so, the details thereof, bank and State/UT-wise, including Delhi;

(c) whether the Government has conducted any investigation to identify the source of entry of fake currency through banking channel and ATMs and if so, the details thereof; and

(d) the corrective measures taken/being taken by the Government to check the circulation of fake currency through banks/ATMs in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (d): There have been media reports regarding dispensation of Rs 2000 notes resembling a genuine note but bearing the legend "Children Bank of India" in place of "Reserve Bank of India" from Delhi, Meerut (Uttar Pradesh), Sitamarhi (Bihar) and a few other places.

State Bank of India (SBI) has reported one such case from its ATM in SangamVihar, New Delhi on 06.02.2017. One person, working with the cash replenishment agency and responsible for placing the cash in ATMs, has been arrested.

RBI vide Master Circular dt. July 1,2015 has issued instructions on "Detection and Impounding of Counterfeit Notes".

To keep a check on circulation of fake currency, RBI has taken the following steps:

1. Incorporating new security features /new designs in the banknotes to stay ahead of the counterfeiters is an ongoing process. New security features were added to banknotes in all denominations during the year 2005-2006. Government of India, in consultation with RBI, has initiated the process for introduction of new security features in Indian banknotes.

2. RBI regularly conducts training programmes on detection of counterfeit notes for employees / officers of banks and other organisations handling large amount of cash. RBI's website provides information to the public on security features of banknotes. Posters on Know Your Banknotes are also displayed at bank branches. Regional Offices of RBI participate in various awareness programmes where the members of public are made aware of the features of Indian banknotes and ways to identify genuine Indian banknotes. Posters, leaflets, etc. are also distributed in such awareness programmes. The contents pertaining to awareness on Indian banknotes are available in www.paisaboltahai.rbi.org.in.

3. Instructions have been issued by RBI to banks that banknotes in denominations of ? 100/- and above should be re-issued by banks over their counters or through ATMs only if these banknotes are duly checked for authenticity/genuineness and fitness by machines. The banks should re-align their cash management in such a manner so as to ensure that cash receipts in denomination of ? 100 and above are not put into re-circulation without the notes being machine processed for authenticity. A directive in this regard under Section 35A of Banking Regulation Act, 1949 has also been issued to all scheduled banks. In order to obviate complaints regarding receipt of counterfeit notes through ATMs and to curb circulation of counterfeit notes, it is imperative for banks to put in place adequate safeguards/checks before loading ATMs with notes. Dispensation of counterfeit notes through the ATMs would be construed as an attempt to circulate the counterfeit notes by the bank concerned. The responsibility of ensuring the quality and genuineness of cash loaded at White Label ATMs is that of Sponsor Bank.

4. The process of reporting and detection of counterfeit notes, by banks, has also been rationalized in order to safeguard the interests of common man, coming across such counterfeit notes unknowingly and bringing in improvement in reporting. Under the revised procedure, all cases of detection of counterfeit notes at the bank branches / treasuries are required to be promptly reported to Police Authorities in the following manner:

(i) For cases of detection of counterfeit notes upto 4 pieces, in a single transaction, a consolidated report as per the format prescribed should be sent to the police authorities at the end of the month.

(ii) For cases of detection of counterfeit notes of 5 or more pieces, in a single transaction, FIRs should be lodged with the Nodal Police Station / Police Authorities as per jurisdiction.

5. In order to train bank staff engaged in cash handling on features of Indian banknotes, RBI has advised Indian Banks' Association to ensure, in consultation with the banks, that all bank personnel handling cash are trained on features of genuine Indian bank notes with the objective to train all such personnel. RBI will also provide faculty support and training materials.

6. The banks have been advised by RBI that wherever counterfeit notes are detected but not impounded and reported, it will be construed as willful involvement of the bank concerned in circulating counterfeit notes and may attract penal measures.

7. RBI has issued banknotes, in all denominations in Mahatma Gandhi Series − 2005, with a new numbering pattern. Now the numerals in both the number panels of these banknotes are in ascending size from left to right, while the first three alphanumeric characters (prefix) remain constant in size. Printing the numerals in ascending size is a visible security feature in the banknotes so that the general public can easily distinguish a counterfeit note from a genuine one.

8. Government of India in consultation with RBI has withdrawn legal tender character of banknotes in the denomination of ? 500 and ? 1000 issued till November 8, 2016, inter alia, to reduce the incidence of Fake Indian currency Notes. RBI has issued ? 500 and ? 2000 denomination banknotes in Mahatma Gandhi (New) Series. Details of the same are displayed on the RBI website for the general public. A mobile app has also been launched for creating awareness among the members of public.
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